

Schnitzer Steel Industries, Inc. / Robert W. Philip

Case ID:

ST-314

Case Cluster :

Schnitzer Steel Industries, Inc.

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

China, South Korea

Year of Settlement:

2007

Month/Day of Settlement (or Notes):

12/13

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Individual

Type of Settlement:

Civil

Legal Form of Settlement:

Consent to Final Judgment

Monetary Sanctions (Types):

Disgorgement of Bonuses, Prejudgment Interest, Civil Penalty

Total Monetary Sanctions (US\$):

\$261,400.42

Civil Disgorgement of Profits (US\$) :

\$169,864

Civil Prejudgment Interest (US\$) :

\$16,536.63

Civil Fine / Penalty (US\$):

\$75,000

Monetary Sanctions Returned / Ordered Returned (US\$):

\$0

UNCAC Articles(s) Implicated:

Art.16

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 8

Offenses - Alleged:

Bribery of Foreign Officials, Aiding and Abetting Schnitzer Steel Industries' Bribery of Foreign Officials; Aiding and Abetting Schnitzer Steel Industries' Internal Controls Violations, Aiding and Abetting Schnitzer Steel Industries' Falsification of Books and Records

Offenses - Settled:

No admission or denial of alleged offenses

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the US Securities and Exchange Commission Litigation Release, on December 13, 2007, the Commission "charged the former Chairman and CEO of Schnitzer Steel Industries, Inc., with violating anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA) by approving cash payments and other gifts to officials at Chinese government-owned steel mills to entice their business. [] The Commission's complaint, filed in U.S. district court in Portland, Ore., alleges that from at least 1999 through 2004, Philip authorized payment of more than \$200,000 in cash bribes and other gifts to managers at government-owned steel mills in China to induce them to purchase scrap metal from Portland-based Schnitzer. The Commission alleges that Schnitzer generated more than \$96 million in revenue, and more than \$6.2 million in profits, from sales to customers who had received the improper payments. The complaint further alleges that Philip authorized more than \$1.7 million in payments to managers of privately owned steel mills in both China and South Korea, generating more than \$500 million in additional revenue for the company." (Source: US Securities and Exchange Commission Litigation Release No. 20397 / December 13, 2007, Securities and Exchange Commission v. Robert W. Philip, Case No. CV 07-1836 (MO) (D. Or. filed December 13, 2007), "SEC Charges Former Chairman/CEO of Schnitzer Steel for Authorizing Cash Bribes to Foreign Officials.")

Sources :

US Report to the Organisation for Economic Co-operation and Development, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions," Information as of May 31, 2011, Schnitzer Steel Industries Inc. Case Summary at 88-90, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission Litigation Release No. 20397 / December 13, 2007, Securities and Exchange Commission v. Robert W. Philip, Case No. CV 07-1836 (MO) (D. Or. filed December 13, 2007), "SEC Charges Former Chairman/CEO of Schnitzer Steel for Authorizing Cash Bribes to Foreign Officials," accessed at <http://www.sec.gov/litigation/litreleases/2007/lr20397.htm>; Complaint filed December 13, 2007, accessed at <http://www.sec.gov/litigation/complaints/2007/comp20397.pdf>